



Agenda Date: 4/9/03

Agenda Item: 4B

STATE OF NEW JERSEY

Board of Public Utilities

Two Gateway Center

Newark, NJ 07102

www.bpu.state.nj.us

PETITION FOR APPROVAL OF THE POST)
BANKRUPTCY REORGANIZATION PLAN OF)
SPECTROTEL, INC. (F/K/A ADVAMTEL, LLC)
D/B/A PLAN B COMMUNICATIONS, INC.))
)
)

ORDER OF APPROVAL

DOCKET NO: TF02090640

(SERVICE LIST ATTACHED)

BY THE BOARD:

On September 4, 2002, Petitioner, Spectrotel, Inc. (f/k/a ADVAMTEL, LLC d/b/a Plan B Communications, Inc.) (Plan B, Petitioner or the Company) filed its request with the New Jersey Board of Public Utilities (the Board) seeking approval of actions necessary to complete its post-bankruptcy plan of reorganization.

BACKGROUND

Plan B is a telecommunications service provider authorized to provide local exchange and exchange access service in New Jersey. Plan B's principal business offices are located at 655 Shrewsbury Avenue, Suite 302, Shrewsbury, New Jersey 07702. On March 16, 2001, Plan B filed a voluntary petition with the Bankruptcy Court for the Southern District of New York (Case No. 01-11143(AJG)), pursuant to Chapter 11 of the United States Bankruptcy Code, seeking temporary protection from claims of creditors while Plan B reorganized its operations and restructured its finances (the Reorganization Plan). Pursuant to its Reorganization Plan, Plan B has agreed to take the following steps and therefore seeks the Board's approval of these actions pursuant to the cited statutes to: a.) cancel all common stock and issue and transfer up to one million shares of common stock to Jacob Dayan, the President of Plan B, pursuant to N.J.S.A. 48:3-9 and N.J.S.A. 48:3-10; b.) pledge all of Plan B's assets and all of Mr. Dayan's stock in Plan B to secure a line of credit pursuant to N.J.S.A. 48:3-7; c.) permit the line of credit to remain open for one year, with the option to renew it annually for up to two subsequent years, pursuant to N.J.S.A. 48:3-9; and d.) effect a change in ownership from the present owners to Mr. Dayan as a result of the stock issuance and transfer.

On September 6, 2002, the Bankruptcy Court approved the Reorganization Plan, and it became effective on September 19, 2002. Additionally, on September 18, 2002, the New York Public Service Commission approved various aspects of the Reorganization Plan consistent with New York public utility law. By letter dated October 8, 2002, the Division of the Ratepayer Advocate advised that it does not object to approval of the petition.

Petitioner asserts that each of the transactions outlined herein is a necessary component of its Reorganization Plan. In conformance with that Plan, Petitioner will reorganize its capital structure and obtain new financing for the continued operation of the Company. Specifically, the Company will cancel all of its authorized stock and issue new stock, consisting of one million shares of common stock, to Plan B's new Management Group. Mr. Jacob Dayan is the sole member of Plan B's new Management Group, and the founder of Plan B. There will be no cash proceeds from the issuance of this stock.

Additionally, all of Plan B's assets, as well as all of Mr. Dayan's stock in Plan B, will be pledged to secure exit financing in the form of a \$1 million revolving line of credit. The Company states that exit financing is necessary to ensure the continued day-to-day operation of the business and the continued provision of safe, adequate and proper service to customers. Pursuant to the terms of the line of credit, the credit facility will remain open for a term of one year, with an option to renew it annually for up to two subsequent years. Since the line of credit may remain open for a period in excess of one year, Plan B seeks the Board's authorization pursuant to N.J.S.A. 48:3-9 to enter into the exit financing.

Lastly, the cancellation of stock and issuance of new common stock will result in the transfer of control of Plan B from the present investors to Mr. Dayan. Consistent with the requirements of N.J.S.A. 48:2-51.1, Petitioner states that the change of control will not have an adverse impact on the employees of Plan B. Moreover, the rates and services of New Jersey customers will remain unchanged and so will not be effected by the transfer of control. Petitioner states that the proposed transactions will be transparent to customers since the Company will continue to operate under the same name and operating authority. The transactions involve no change in the entity providing service to customers, the facilities used to provide service or the rates, terms and conditions of service. According to the Petitioner, the proposed transactions are in the public interest and will allow it to emerge from Chapter 11 and continue to operate as a competitive local exchange carrier in New Jersey. Petitioner states that its continued operation will ultimately benefit consumers in New Jersey and elsewhere by encouraging the development of a vigorous competitive market.

FINDINGS AND CONCLUSIONS

After review of the Petition and supporting submissions of the Petitioner, the Board FINDS that the transactions described herein are in accordance with the law, are in the public interest and approves the purposes thereof. Therefore, the Board HEREBY APPROVES and AUTHORIZES the transactions described herein and in the Reorganization Plan, as approved by the Bankruptcy Court for the Southern District of New York (Case No. 01-11143(AJG)) on September 6, 2002.

This Order is issued subject to the following provisions:

1. This Order shall not affect or in any way limit the exercise of the authority of this Board or of this State in any future petition or in any proceedings with respect to rates, franchises, services, financing, accounting, capitalization, depreciation, or any other matters affecting the Petitioner.

2. This Order shall not be construed as directly or indirectly fixing for any purposes whatsoever any value of the tangible or intangible assets now owned or hereafter to be owned by Petitioner.

DATED: April 11, 2003

BOARD OF PUBLIC UTILITIES
BY:

[SIGNED]

JEANNE M. FOX
PRESIDENT

[SIGNED]

FREDERICK F. BUTLER
COMMISSIONER

[SIGNED]

CAROL J. MURPHY
COMMISSIONER

[SIGNED]

CONNIE O. HUGHES
COMMISSIONER

[SIGNED]

JACK ALTER
COMMISSIONER

ATTEST:

[SIGNED]
KRISTI IZZO
SECRETARY